

**Tennessee Sports Hall of Fame**

**For the Year Ended  
December 31, 1999**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**

State Capitol  
Nashville, Tennessee 37243-0260  
(615) 741-2501

John G. Morgan  
Comptroller

October 31, 2000

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
and  
Board of Directors  
Tennessee Sports Hall of Fame  
Nashville, Tennessee 37203

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Tennessee Sports Hall of Fame for the year ended December 31, 1999. You will note from the independent auditor's report that an unqualified opinion was given on the fairness of the presentation of the financial statements.

Consideration of internal control over financial reporting resulted in no audit findings.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/cj  
01/015

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Tennessee Sports Hall of Fame**  
For the Year Ended December 31, 1999

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## AUDIT OBJECTIVES

The objectives of the audit were to consider the Tennessee Sports Hall of Fame's internal control over financial reporting; to determine compliance with certain provisions of laws, regulations, contracts, and grants; to determine the fairness of the presentation of the financial statements; and to recommend appropriate actions to correct any deficiencies.

## AUDIT FINDINGS

The audit report contains no findings.

## OPINION ON THE FINANCIAL STATEMENTS

The opinion on the financial statements is unqualified.

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, please contact

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**Audit Report**  
**Tennessee Sports Hall of Fame**  
**For the Year Ended December 31, 1999**

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# **Tennessee Sports Hall of Fame For the Year Ended December 31, 1999**

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## **INTRODUCTION**

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### **POST-AUDIT AUTHORITY**

This is a report on the financial and compliance audit of the Tennessee Sports Hall of Fame. The audit was conducted pursuant to Section 4-3-5405, *Tennessee Code Annotated*, which states that “All annual reports and all books of accounts and financial records of the hall of fame shall be subject to audit annually by the comptroller of the treasury.”

### **LEGISLATIVE HISTORY**

The Tennessee Sports Hall of Fame was created in 1994 by the General Assembly under Section 4-3-5402, *Tennessee Code Annotated*. The purpose of the Hall of Fame is to honor athletes, athletic teams, and other sports personalities of Tennessee.

### **ORGANIZATION**

The Tennessee Sports Hall of Fame is governed by a 25-member board of directors. Eight members are appointed by the Governor, eight by the Lieutenant Governor, and eight members by the Speaker of the House of Representatives. The State Treasurer or his designee serves *ex officio*.

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## **AUDIT SCOPE**

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The audit was limited to the period January 1, 1999, through December 31, 1999, and was conducted in accordance with generally accepted government auditing standards. Financial statements are presented for the year ended December 31, 1999, and for comparative purposes, the year ended December 31, 1998.

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## OBJECTIVES OF THE AUDIT

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The objectives of the audit were

1. to consider the Tennessee Sports Hall of Fame's internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements;
2. to determine compliance with certain provisions of laws, regulations, contracts, and grants;
3. to determine the fairness of the presentation of the financial statements; and
4. to recommend appropriate actions to correct any deficiencies.

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## RESULTS OF THE AUDIT

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### AUDIT CONCLUSIONS

#### Internal Control

As part of the audit of the Tennessee Sports Hall of Fame's financial statements for the year ended December 31, 1999, we considered internal control over financial reporting to determine auditing procedures for the purpose of expressing an opinion on the financial statements, as required by generally accepted government auditing standards. Consideration of internal control over financial reporting disclosed no material weaknesses.

#### Compliance

There were no provisions of laws, regulations, contracts, or grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

#### Fairness of Financial Statement Presentation

The Division of State Audit has rendered an unqualified opinion on the financial statements of the Tennessee Sports Hall of Fame.



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
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NASHVILLE, TENNESSEE 37243-0264  
PHONE (615) 741-3697  
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**Report on Compliance and on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

September 13, 2000

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the financial statements of the Tennessee Sports Hall of Fame as of and for the year ended December 31, 1999, and have issued our report thereon dated September 13, 2000. We conducted our audit in accordance with generally accepted government auditing standards.

Compliance

We assessed compliance with laws, regulations, contracts, and grants pertaining to the Tennessee Sports Hall of Fame. We determined that there were no compliance requirements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Therefore, we did not test for compliance with laws, regulations, contracts, and grants.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tennessee Sports Hall of Fame's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the



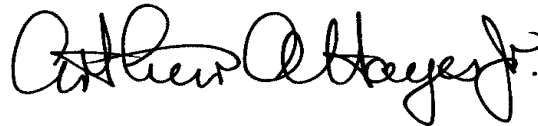
The Honorable John G. Morgan  
September 13, 2000  
Page Two

design or operation of one or more of the internal control components does not reduce to a low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters involving the internal control over financial reporting that we have reported to the Tennessee Sports Hall of Fame's management in a separate letter.

This report is intended solely for the information and use of the General Assembly of the State of Tennessee, the board of directors, and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Hayes, Jr.", with a stylized, cursive script.

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/cj



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
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PHONE (615) 741-3697  
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**Independent Auditor's Report**

September 13, 2000

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have audited the accompanying balance sheets of the Tennessee Sports Hall of Fame, as of December 31, 1999, and December 31, 1998, and the related statements of revenues, expenses, and changes in retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Tennessee Sports Hall of Fame's management. Our responsibility is to express an opinion on these financial statements, based on our audits.

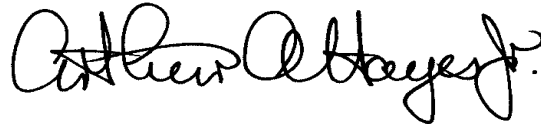
We conducted our audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee Sports Hall of Fame, as of December 31, 1999, and December 31, 1998, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

The Honorable John G. Morgan  
September 13, 2000  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2000, on our consideration of the Tennessee Sports Hall of Fame's internal control over financial reporting and of its compliance with certain provisions of laws, regulations, contracts, and grants.

Sincerely,

A handwritten signature in black ink, reading "Arthur A. Hayes, Jr." in a cursive style.

Arthur A. Hayes, Jr., CPA, Director  
Division of State Audit

AAH/cj

TENNESSEE SPORTS HALL OF FAME  
BALANCE SHEETS  
DECEMBER 31, 1999, AND DECEMBER 31, 1998

	<u>1999</u>	<u>1998</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 589,819	\$ 1,443,356
Construction in progress - museum exhibits	1,401,079	567,906
Interest receivable	<u>58</u>	<u>58</u>
Total assets	\$ <u>1,990,956</u>	\$ <u>2,011,320</u>
 <u>LIABILITIES AND EQUITY</u>		
Accounts payable	\$ <u>90,788</u>	\$ <u>210,772</u>
Total liabilities	<u>90,788</u>	<u>210,772</u>
Equity		
Retained earnings - unreserved	400,168	300,548
Contributed capital	<u>1,500,000</u>	<u>1,500,000</u>
Total equity	<u>1,900,168</u>	<u>1,800,548</u>
Total liabilities and equity	\$ <u>1,990,956</u>	\$ <u>2,011,320</u>

See accompanying Notes to the Financial Statements.

TENNESSEE SPORTS HALL OF FAME  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
FOR THE YEARS ENDED DECEMBER 31, 1999, AND DECEMBER 31, 1998

	1999	1998
<b><u>OPERATING REVENUES</u></b>		
Membership dues	\$ 4,625	\$ 970
Banquet revenue	28,895	26,295
Golf tournament	23,360	33,600
Contributions	91,900	35
Total operating revenues	148,780	60,900
<b><u>OPERATING EXPENSES</u></b>		
Membership		
Printing	2,206	-
Postage	327	-
Total membership	2,533	-
Banquet		
Inductee and honoree expense	2,431	4,061
Food and entertainment	13,642	16,709
Audio-visuals	8,789	8,087
Printing and artwork	2,848	2,353
Postage	322	629
Supplies and temporary help	189	171
Total banquet	28,221	32,010
General and administrative		
Board expenses	1,490	1,434
Management fee	24,996	22,664
Telephone and fax	1,127	517
Supplies-general office	345	22
Printing and stationery	1,818	2,912
Subscriptions	100	-
Miscellaneous expense	75	23
Postage	1,109	589
Accounting service	-	85
Internet site	545	-
Insurance	-	250
Taxes, licenses, and fees	20	20
Total general and administrative	31,625	28,516
Golf Tournament	11,308	14,316
Hall of Fame Museum		
Arena rent	100	100
Museum research-travel	-	369
Interactives, multi-media, and audio-visuals	468	2,165
Artifact acquisition	105	1,595
Museum management	23,540	3,601
Miscellaneous expense	-	83
Total Hall of Fame Museum	24,213	7,913
Total operating expenses	97,900	82,755
Operating income (loss)	50,880	(21,855)
<b><u>NONOPERATING REVENUES</u></b>		
Interest income	48,740	80,231
Total nonoperating revenues	48,740	80,231
Net income	99,620	58,376
Retained earnings, January 1	300,548	242,172
Retained earnings, December 31	\$ 400,168	\$ 300,548

See accompanying Notes to the Financial Statements.

TENNESSEE SPORTS HALL OF FAME  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 1999, AND DECEMBER 31, 1998

	<u>1999</u>	<u>1998</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Operating income (loss)	\$ 50,880	\$ (21,855)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities		
Increase (decrease) in accounts payable	<u>(119,984)</u>	<u>210,772</u>
Net cash provided (used) by operating activities	<u>(69,104)</u>	<u>188,917</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of certificates of deposit	-	(1,517,854)
Proceeds from maturities of certificates of deposit	-	2,995,328
Interest received	<u>48,740</u>	<u>114,873</u>
Net cash provided by investing activities	<u>48,740</u>	<u>1,592,347</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Construction of fixed assets	<u>(833,173)</u>	<u>(541,406)</u>
Net cash used by capital and related financing activities	<u>(833,173)</u>	<u>(541,406)</u>
Net increase (decrease) in cash and cash equivalents	<u>(853,537)</u>	<u>1,239,858</u>
Cash and cash equivalents, January 1	<u>1,443,356</u>	<u>203,498</u>
Cash and cash equivalents, December 31	<u>\$ 589,819</u>	<u>\$ 1,443,356</u>

See accompanying Notes to the Financial Statements.

**Tennessee Sports Hall of Fame  
Notes to the Financial Statements  
December 31, 1999, and December 31, 1998**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Tennessee Sports Hall of Fame is a nonprofit corporation founded in the 1960s to honor the outstanding achievements of Tennesseans in the realm of sports. With Title 4, Chapter 3, of *Tennessee Code Annotated*, the General Assembly passed the Tennessee Sports Hall of Fame Act of 1994 (Act) to officially create a Tennessee Sports Hall of Fame to honor, preserve, and perpetuate the names and accomplishments of outstanding Tennessee athletes, athletic teams, and other sports personalities; to establish, erect, and maintain a permanent archive for the collection and display of memorabilia related to the lives and careers of individuals, teams, and sports events chosen for induction by the hall of fame; and to promote the spirit of sportsmanship and genteel competition both inside and outside the arena of athletic competition.

Under the act, a new board of directors was founded composed of 25 Tennessee citizens, eight appointed by the Governor, eight by the Lieutenant Governor, and eight by the Speaker of the House. The State Treasurer or his designee serves as an *ex officio* member of the board.

The Tennessee Sports Hall of Fame has been classified as a related organization of the State of Tennessee and is discussed in a note to the financial statements in the *Tennessee Comprehensive Annual Financial Report*.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The agency follows all applicable GASB pronouncements, as well as applicable private-sector pronouncements issued on or before November 30, 1989.

**Measurement Focus and Basis of Accounting**

The accompanying financial statements of the Tennessee Sports Hall of Fame have been prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

**Tennessee Sports Hall of Fame  
Notes to the Financial Statements (Cont.)  
December 31, 1999, and December 31, 1998**

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**B. OTHER ACCOUNTING DISCLOSURES**

**Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits, savings deposits in banks, and certificates of deposit with maturities of 90 days or less. The bank balances of deposits including cash, certificates of deposit, and accrued interest are in financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. The securities pledged to protect these deposits are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

**Risk Management**

The Tennessee Sports Hall of Fame is exposed to various risks of loss and has purchased commercial insurance for these risks. There have been no claims filed with the commercial insurer in the past three years.